

2006 Budget Hearing

December 4, 2006

These are the minutes of the 2006 Budget Hearing held on December 4, 2006 at 5:00 p.m. in the City Municipal Building.

Mayor Romell called the Public Hearing to order. On roll call were Alderperson Eggebrecht, Hardin, Jensen, LaQueue, Sherd, Williams, Mayor Romell and Administrator Ellisor.

Administrator Ellisor presented the 2007 budget. Various portions composing the proposed budget were explained by Administrator Ellisor and discussion pursued on some of the relevant trends and projections of the City's finances:

The anticipated mill rate (pre-TIF millage is the millage rate applied for General Fund operating expenses) should be \$4.34 and the anticipated General Fund mill rate (after TIF) should be \$5.58. This will generate \$362,220, an overall increase of 2.99%.

State Shared Revenue, the largest revenue component of the General Fund operating budget (approx. 65%) at \$622,956, has remained the same over the past 4 years. The General Transportation Aid funding did realize an increase over the prior year; \$115,000 to \$132,000.

Administrator Ellisor pointed operating expenses continue to increase, such as fuel, energy, property/liability insurance, as health insurance remained static. The adopted budget allows for the same level of city services that have been offered in previous years. However, this will be difficult to continue for future budgets without either raising the tax levy or reducing expenses. Public Works and the Clerk's Department are two examples of City staffing and operations being recalibrated.

There is no proposed increase for the water & sewer utility rates, the refinancing of the Clean Water Fund loans through Rural Development that transpired this year, has made the new debt more affordable.

The City projected after TIF mill rate for 2007 has been set at 5.58 mills. The 2007 mill rate represents a 35% decrease over the 2006 rate. The mill rate is relevant because it serves as the multiplier for annual property tax billings. The city mill rate equates to \$5.58 for every \$1,000 of assessed property value. The large reduction is primarily a function of the revaluation completed this year. The City's assessed value and the State equalized value are a 100% match. In most instances, the property owner will see either a reduction or no change to the *City Portion* of the property owner's tax bill.

The TIF Districts are back on track and show a 20% increase in revenue over 2006. Performance of the TIF's should be monitored for a while before considering adding any new outside debt burden. Infra-fund borrowing to be paid back through the TIF's can still be a consideration. The City's borrowing capacity (general obligation debt) is limited to no more than 5% of the City's State Equalized Value. By the end of December this year the City's borrowing capacity will be at \$1,116,000. By this time 2007 the City's capacity will be up to \$1,630,000.

Motion by Williams, second by Hardin to adjourn the budget hearing. Roll call vote, all voted aye.

Janet L. Winters
Clerk/Treasurer